



# County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA  
Chief Executive Officer

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

March 12, 2014

To: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name and title.

## **SACRAMENTO UPDATE - REDEVELOPMENT DISSOLUTION AND ECONOMIC DEVELOPMENT LEGISLATION OF COUNTY INTEREST**

### **Executive Summary**

This memorandum is to provide the Board a report on redevelopment dissolution and economic development bills of interest to the County. This report provides an overview of several bills introduced in 2014 which would modify or eliminate certain requirements of the existing redevelopment dissolution law, and contains an overview of bills which would create new economic development tools or that would clarify or modify existing law to provide local governments authority to engage in economic development activities. This report also includes a status update on several bills introduced in 2013 which are still active and may proceed this year.

---

### **Background**

ABX1 26 (Chapter 5, Statutes of 2011) eliminated redevelopment agencies (RDAs) in February 2012, and provided for the designation of successor agencies to wind down the affairs of the dissolved redevelopment agencies. AB 1484 (Chapter 26, Statutes of 2012), the redevelopment trailer bill, created a process to transfer housing assets, identify funds that should be remitted to local taxing entities, facilitate repayment of certain loans between a redevelopment agency and its sponsoring community, use unencumbered bond proceeds issued prior to 2011, and develop a long-range property management plan for the disposition of RDA assets.

*"To Enrich Lives Through Effective And Caring Service"*

*Please Conserve Paper – This Document and Copies are Two-Sided  
Intra-County Correspondence Sent Electronically Only*

The complex process of winding-down the former RDAs has proceeded to where approximately 300 redevelopment successor agencies have received their Finding of Completion from the California Department of Finance (DOF), indicating that they have completed the required due diligence reviews and paid all unobligated balances to the affected taxing agencies. However, local governments have encountered several issues, including: 1) stalled projects that cannot be completed due to the successor agencies' inability to execute or amend contracts and agreements; 2) complicated and lengthy implementation procedures outlined in the RDA dissolution bills; and 3) unanticipated financial difficulties that have resulted from dissolution.

### **Redevelopment Dissolution Legislation Introduced in 2014**

The following bills would, if enacted, modify or eliminate certain requirements of AB1X 26 and AB 1484 to address these issues.

**AB 1582 (Mullin)**, which as introduced on February 3, 2014, would revise the timeline for the preparation of the required Recognized Obligation Payment Schedule (ROPS) to provide that the successor agency prepare a ROPS for an annual fiscal period rather than every six months. This bill has been referred to the Assembly Local Government Committee.

**AB 1793 (Chau)**, which as introduced on February 18, 2014, would: 1) require the California Housing Finance Agency, on or before July 1, 2015, to conduct a request for proposals to identify up to six nonprofit organizations as being eligible to accept responsibility, for enforcing the affordability deed restrictions on homeownership units of a former redevelopment agency; and 2) authorize a city, county, city and county, or housing authority that has elected to retain the housing assets and functions previously performed by the redevelopment agency to transfer responsibility associated with enforcing the affordable deed restrictions on homeownership units to one of the qualified nonprofit organizations identified by the agency. This bill has been referred to the Assembly Housing and Community Development Committee.

**AB 1963 (Atkins)**, which as introduced on February 19, 2014, would eliminate the requirement that the successor agency of a former redevelopment agency dispose of assets and properties of the former redevelopment agency if the DOF has not approved a long-range property asset management plan by January 1, 2015. This bill has been referred to the Assembly Local Government Committee.

**AB 2549 (Ridley-Thomas)**, which as introduced on February 21, 2014, would authorize the City of Milpitas to organize an independent local agency to investigate and study the consequences of the dissolution of redevelopment on employment, revenues, and

economic activity in order to identify and recommend ways to raise revenues for specified purposes. This bill is pending referral to an Assembly policy committee.

**SB 921 (Wright)**, which as introduced on January 28, 2014, would clarify that any revenues derived from the imposition of a property tax rate, approved by the voters before January 1, 1948, to make payments in support of pension programs and levied in addition to the general property tax rate, be allocated to, and when collected be paid into, the fund of that taxing entity. This bill is pending referral to a Senate policy committee.

**SB 1129 (Steinberg)**, which as introduced on February 19, 2014, would make changes to the provisions of law governing the disposition of real property assets of the former redevelopment agencies, including: 1) authorizing a successor agency that has received a Finding of Completion, to enter into, or amend existing, contracts and agreements, or otherwise administer projects in connection with enforceable obligations, if the contract, agreement, or project will not commit new property tax funds or otherwise adversely affect the flow of specified tax revenues or payments to the taxing agencies; 2) authorizing a successor agency to utilize the proceeds of bonds issued during the 2011 calendar year, upon the approval of the oversight board, if the oversight board, in consultation with the relevant metropolitan planning organization determines that the use of the bond proceeds is consistent with the sustainable communities strategy adopted by the metropolitan planning organization; 3) requiring a successor agency to submit to its oversight board for approval a request to remove an enforceable obligation from a ROPS that has received a finding of completion from the DOF; 4) prohibiting DOF from requiring a compensation agreement between taxing entities as part of the approval of a long range property management plan (LRPMP) if a city, county, or city and county wishes to retain any properties or other assets for future redevelopment activities; and 5) deleting the requirement that the DOF approve a LRPMP by January 1, 2015, and instead require DOF to approve LRPMPs as expeditiously as possible. This bill has been referred to the Senate Governance and Finance Committee.

**SB 1393 (Torres)**, which as introduced February 21, 2014, is a spot bill regarding successor agencies of redevelopment agencies. This bill is pending referral to a Senate policy committee.

### **Economic Development Legislation**

Existing law provides for various economic development programs that foster community sustainability and community and economic development initiatives throughout the State. However, the dissolution of redevelopment agencies in 2011

eliminated the primary tool that local governments used to finance new construction, rehabilitate existing buildings, increase the supply of affordable housing, finance infrastructure investments, and create jobs.

The following bills would, if enacted, create new economic development tools or would clarify or modify existing law to provide local governments authority to engage in a wider range of economic development activities.

**AB 2280 (Alejo)**, which as introduced on February 21, 2014, would authorize certain local agencies to form a community revitalization authority within a community revitalization and investment area, as defined, to carry out provisions of the Community Redevelopment Law in that area for purposes related to, among other things, infrastructure, affordable housing, and economic revitalization. The bill would provide for the financing of these activities by, among other things, the issuance of bonds serviced by tax increment revenues from taxing entities that have agreed to participate in the authority. The bill would also provide for periodic audits of the authority with respect to affordable housing, conducted as provided by the State Controller, and for annual public reports by the authority as well as periodic proceedings for the consideration of public protests. AB 2280 is substantially similar to **AB 1080 (Alejo) of 2013** (see below) and is pending referral to an Assembly policy committee.

**SB 1260 (DeSualnier)**, which as introduced on February 21, 2014, would make several changes to the affordable housing requirements in the current Infrastructure Financing District (IFD) law to require not less than 25 percent of allocated tax increment revenues be set aside for affordable housing purposes in accordance with the Community Redevelopment Law. The bill would also make several changes to **SB 1 of 2013** (if enacted) to require that a low-income housing ordinance be adopted which requires the replacement of affordable housing units within 2 years of their removal and requiring that at least 20 percent of new and rehabilitated housing units meet specified affordability requirements. The provisions of SB 1260 would become operative contingent on the enactment of SB 1 and any of the following: SB 33, SB 628, AB 229 or AB 243 all of 2103 (see below). SB 1260 is pending referral to a Senate policy committee.

### **Status of Bills Introduced in 2013**

The following bills are two-year bills, introduced in 2013, and may proceed later this year.

**County-opposed AB 667 (Hernandez)**, which as amended on May 20, 2013, would require a city or county to make a finding that a superstore will not adversely affect the

economic welfare of the impact area prior to permitting the construction of, addition to, or alteration of, a superstore in an economic assistance area. AB 667 is pending consideration in the Senate Governance and Finance Committee.

**AB 229 (Pérez)**, which as amended on August 12, 2013, would authorize a city, county, or joint powers authority to create an infrastructure and revitalization financing districts to clean up and develop former military bases. The bill would also broaden the types of projects that infrastructure financing district can finance to include watershed lands, flood management, habitat restoration, brownfield restoration, and housing projects, among others. AB 229 is on the Assembly Inactive File awaiting concurrence in Senate amendments.

**AB 243 (Dickinson)**, which as amended on August 19, 2013, would broaden the types of projects that infrastructure financing district can finance to include watershed lands, flood management, habitat restoration, brownfield restoration, and housing projects, among others, and would lower the voter approval threshold needed to form a district to 55 percent. AB 243 is on the Assembly Inactive File awaiting concurrence in Senate amendments.

**AB 1080 (Alejo)**, which as amended on August 20, 2013, would authorize local entities, either individually or collaboratively and excluding schools and successor agencies, to form a Community Revitalization and Investment Authority (CRIA) to carry out the Community Redevelopment Law in a specified manner. The bill would require that the participating taxing entities agree to direct property tax increment revenues to the CRIA to invest in improvements in specified project areas that are characterized by low household income, high unemployment and crime, and deteriorated public infrastructure and structures. AB 1080 is substantially similar to **AB 2280 of 2014** (see above) and is pending consideration in the Senate Appropriations Committee.

**SB 1 (Steinberg)**, which as amended on September 3, 2013, would allow a local government to establish a Sustainable Communities Investment Authority (Authority) and direct tax increment revenues to that Authority in order to address blight by supporting development in transit priority project areas, small walkable communities, and clean energy manufacturing sites. The bill would require that the participating taxing entities agree to direct property tax increment revenues to the Authority. SB 1 is in the Senate Inactive File awaiting concurrence in Assembly amendments.

**SB 33 (Wolk)**, which as amended on August 26, 2013, would eliminate the voter approval requirement for a city or county to create an infrastructure financing district (IFD) and expand the types of projects that may be financed by a district to include

Each Supervisor  
March 12, 2014  
Page 6

watershed lands, flood management, habitat restoration, brownfield restoration, and transit oriented development projects. SB 33 is in the Assembly Inactive File.

**SB 628 (Beall)**, which as amended on August 5, 2013, would allow a city or county to create an infrastructure financing district to implement a transit priority project without having to hold an election and would require the local entity to use 25 percent of the resulting revenues for affordable housing. SB 628 passed the Legislature but was withdrawn from enrollment to the Governor on August 19, 2013. This measure is currently being held at the Senate desk.

**This office will continue to work with County Counsel, the Auditor-Controller, and the Community Development Commission to review the provisions of these bills and determine the potential impact on the County.**

We will continue to keep you advised.

WTF:RA  
MR:AO:lm

c: All Department Heads  
Legislative Strategist  
Local 721  
Coalition of County Unions  
California Contract Cities Association  
Independent Cities Association  
League of California Cities  
City Managers Associations  
Buddy Program Participants